

23. Deferred tax

	2006			2005		
	Accelerated capital allowances £mn	Temporary differences including bonuses £mn	Total £mn	Accelerated capital allowances £mn	Temporary differences including bonuses £mn	Total £mn
(a) Deferred tax liabilities						
At 1 January	–	(2.8)	(2.8)	(2.1)	(2.1)	(4.2)
Exchange translation adjustments	–	0.1	0.1	–	0.1	0.1
Income statement credit/(expense)	–	–	–	2.1	(7.5)	(5.4)
Transfers	–	0.3	0.3	–	6.7	6.7
At 31 December	–	(2.4)	(2.4)	–	(2.8)	(2.8)

	2006			
	Accelerated capital allowances £mn	Temporary differences including bonuses £mn	Tax losses carried forward £mn	Total £mn
(b) Deferred tax assets				
At 1 January	8.5	43.8	2.6	54.9
Exchange translation adjustments	–	(0.6)	–	(0.6)
Income statement expense	(2.4)	(6.3)	(1.4)	(10.1)
Credit taken to equity	–	0.5	–	0.5
Transfers	–	(0.3)	–	(0.3)
At 31 December	6.1	37.1	1.2	44.4

	2005			
	Accelerated capital allowances £mn	Temporary differences including bonuses £mn	Tax losses carried forward £mn	Total £mn
At 1 January	12.3	36.5	5.3	54.1
Exchange translation adjustments	0.2	–	0.3	0.5
Income statement credit/(expense)	(4.0)	7.2	(3.0)	0.2
Credit taken to equity	–	6.8	–	6.8
Transfers	–	(6.7)	–	(6.7)
At 31 December	8.5	43.8	2.6	54.9

Deferred tax assets recognised include an asset of £3.9 million (2005: £7.9 million) in respect of one UK entity which suffered losses in the preceding period. Surplus capital assets could be distributed in the UK to provide an interest return sufficient to absorb the UK losses in question. Controlled Foreign Company profits are also likely to arise in future periods.

A deferred tax asset of £10.4 million (2005: £11.3 million) relating to realised and unrealised capital losses has not been recognised as there is insufficient evidence that there will be sufficient taxable gains in the future against which the deferred tax asset could be utilised.

A deferred tax asset of £20.5 million (2005: £22.6 million) relating to losses and other temporary differences has not been recognised as there is insufficient evidence that there will be sufficient taxable profit against which these losses and temporary differences can be utilised. This unrecognised deferred tax includes an amount of £13.9 million (2005: £15.4 million) relating to US losses of £30.3 million (2005: £43.9 million), which are subject to a minimum expiry period of 14 years.

The aggregate amount of gross temporary differences regarding investments in subsidiaries is £230.6 million (2005: £262.9 million). Deferred tax has not been provided as the relevant parent company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset of £5.0 million (2005: £6.6 million) relating to Excess Unrelieved Foreign Tax has not been recognised as there is insufficient evidence that there will be sufficient taxable profit in the future against which the deferred tax asset could be utilised.

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24. Provisions

	Legal £mn	Surplus space and other £mn	Total £mn
At 1 January 2006	7.8	17.0	24.8
Exchange translation adjustments	(0.6)	(0.5)	(1.1)
Provisions utilised	(1.3)	(3.5)	(4.8)
Additional provisions charged in the year	–	5.8	5.8
At 31 December 2006	5.9	18.8	24.7
Current – 2006	5.9	8.0	13.9
Non-current – 2006	–	10.8	10.8
	5.9	18.8	24.7
Current – 2005	7.8	6.9	14.7
Non-current – 2005	–	10.1	10.1
	7.8	17.0	24.8

Legal

The amounts represent a provision for certain legal claims predominantly relating to indemnification provisions under the terms of the sale of the investment banking business in April 2000. Details of such provisions are not given as the Directors feel that to do so may prejudice any ongoing actions. The Group aims where possible to seek resolution of these claims by 31 December 2007.

Surplus space

Provisions of £16.9 million (2005: £16.0 million) have been made against certain leaseholds in connection with surplus space. The provisions have been made taking into account residual lease commitments, other outgoings and sub-letting arrangements. In arriving at the provisions, the cash flows have been discounted at rates representing an estimation of the interest rates relevant to the period of provision. The weighted average of these rates is 4.7 per cent. (2005: 4.7 per cent.). It is envisaged that the provisions will be utilised on an even basis until 2015.

The carrying amounts of the Group's provisions are denominated in the following currencies:

	2006			2005		
	Before hedging £mn	Effect of hedging £mn	Net exposure £mn	Before hedging £mn	Effect of hedging £mn	Net exposure £mn
Sterling	16.4	3.7	20.1	13.1	5.1	18.2
US dollar	7.1	(3.7)	3.4	10.2	(4.9)	5.3
Swiss franc	1.1	–	1.1	1.1	–	1.1
Other	0.1	–	0.1	0.4	(0.2)	0.2
	24.7	–	24.7	24.8	–	24.8

25. Trade and other payables

	2006			2005		
	Current £mn	Non-current £mn	Total £mn	Current £mn	Non-current £mn	Total £mn
Retirement benefit obligations	–	3.1	3.1	–	3.3	3.3
Settlement accounts	93.1	–	93.1	48.2	–	48.2
Trade creditors	14.8	–	14.8	16.0	–	16.0
Social security	17.7	9.8	27.5	26.2	4.1	30.3
Accruals and deferred income	173.9	37.5	211.4	148.3	31.7	180.0
Non-equity minority interests (see note 32)	1.2	–	1.2	13.3	–	13.3
Other liabilities	29.0	39.5	68.5	22.2	20.3	42.5
	329.7	89.9	419.6	274.2	59.4	333.6
Deposits by banks (see note 26)	169.1	0.1	169.2	115.0	1.0	116.0
Customer accounts (see note 27)	1,241.3	218.2	1,459.5	1,327.3	121.9	1,449.2
Derivative contracts (see note 28)	10.7	17.0	27.7	19.8	3.0	22.8
	1,750.8	325.2	2,076.0	1,736.3	185.3	1,921.6

25. Trade and other payables (continued)

Detailed risk information on deposits by banks, customer accounts and derivative contracts can be found in notes 26, 27 and 28 below respectively. All other financial liabilities listed above are non-interest bearing. The carrying amount of the non-interest bearing trade and other payables approximates their fair value.

Non-equity minority interests arise where non-current assets previously classified as being held for sale (see note 21) are consolidated. When this occurs, the Group acquires a liability in respect of minority interests in the funds of which the Group has control. Such minority interests are distinguished from equity minority interests in that the Group does not hold an equity stake in such funds.

The carrying amounts of the Group's trade and other payables, other than those detailed in notes 26, 27 and 28, are denominated in the following currencies:

	2006 £mn	2005 £mn
Sterling	248.6	213.6
US dollar	40.7	41.3
Euro	50.5	14.5
Swiss franc	14.1	7.5
Japanese yen	15.4	14.2
Other	50.3	42.5
	419.6	333.6

26. Deposits by banks

	2006 £mn	2005 £mn
Deposits by banks	169.2	116.0
	2006 £mn	2005 £mn
Maturing/repricing* in one year or less	169.1	116.0
Maturing/repricing* in more than one year but not more than two years	0.1	-
	169.2	116.0

* Whichever is earlier.

The weighted average maturity or repricing date (whichever is earlier) of the deposits is 0.1 years (2005: 0.2 years); the weighted average effective interest rate on the deposits is 3.9 per cent. (2005: 3.0 per cent.).

The deposits attract the following types of interest rate:

	2006 £mn	2005 £mn
Floating rate	5.3	9.2
Fixed rate	161.8	105.1
Non-interest bearing	2.1	1.7
	169.2	116.0

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26. Deposits by banks (continued)

The carrying amounts of the Group's deposits by banks are denominated in the following currencies:

	2006 £mn	2005 £mn
Sterling	22.9	23.5
US dollar	52.3	35.9
Euro	74.1	40.0
Swiss franc	17.3	12.3
Japanese yen	1.1	1.5
Other	1.5	2.8
	169.2	116.0

27. Customer accounts

	2006 £mn	2005 £mn
Customer accounts	1,459.5	1,449.2
	2006 £mn	2005 £mn
Maturing/repricing* in one year or less	1,241.3	1,327.3
Maturing/repricing* in more than one year but not more than two years	31.0	12.2
Maturing/repricing* in more than two years but not more than three years	47.3	12.9
Maturing/repricing* in more than three years but not more than four years	87.1	17.4
Maturing/repricing* in more than four years but not more than five years	51.7	77.6
Maturing/repricing* in more than five years	1.1	1.8
	218.2	121.9
	1,459.5	1,449.2

* Whichever is earlier.

The weighted average maturity or repricing date (whichever is earlier) of the accounts is 0.5 years (2005: 0.4 years); the weighted average effective interest rate on the accounts is 4.0 per cent. (2005: 4.6 per cent.).

The accounts attract the following types of interest rate:

	2006 £mn	2005 £mn
Floating rate	653.4	633.6
Fixed rate	682.1	701.2
Non-interest bearing	124.0	114.4
	1,459.5	1,449.2

The carrying amounts of the Group's customer accounts are denominated in the following currencies:

	2006 £mn	2005 £mn
Sterling	1,072.4	1,089.1
US dollar	190.9	205.8
Euro	171.9	106.6
Swiss franc	14.3	28.9
Japanese yen	5.4	8.6
Other	4.6	10.2
	1,459.5	1,449.2